

Timber Sale Tips

A successful timber sale results from careful planning, management and marketing. These variables can make a considerable difference in the economic return from your woodlot investment.

Selling Methods

Methods of selling timber fall into one of three categories:

1) Fixed Price Negotiation

The seller negotiates with a buyer for a fixed price for all timber on a given acreage.

2) Percent Basis Negotiation

Acceptance of a logger's offer to cut timber "on shares" per unit of volume cut. The logger pays the landowner a portion of the value received for logs delivered to a sawmill or pulpwood yard, frequently in a range of 40-60 percent.

3) Sealed Bid

Holding a sealed bid sale utilizing the competitive bidding process after advertising the timber to be sold and showing it to prospective bidders.

Which Method is Best for You?

The first two methods should be used only when a sealed bid sale is not practical, such as sales involving small volumes.

The third method usually generates top dollar for landowners due to competition among the buyers who have the greatest need for the timber and the best markets.

Forest Law Compliance

The landowner, timber owner and buyer all hold responsibility to ensure compliance with Virginia's forest laws. It may be advisable to include these provisions in the sales contract. Compliance with Virginia's forest laws include:

- Requirement of the landowner to ensure that the harvest complies with the Seed Tree Law (pine); a statement of method to achieve compliance is necessary (*Code of Virginia* Section 10.1-1162-1169).
- Requirement of the buyer and owner to comply with all fire laws and to immediately suppress at his expense any fire originating from accident or negligence of the buyer or his agent (*Code of Virginia* Section 10.1-1139-1145).
- Requirement of the buyer to conduct the timber cutting operation in a manner which avoids causing water pollution - Water Quality Law (*Code of Virginia* Section 10.1-1181.2).
- Requirement of the buyer to notify the Virginia Department of Forestry prior to the start of a logging operation (*Code of Virginia* Section 10.1-1181.2(H)).



For More Information

To learn more about forest management and timber sales, talk to your local VDOF forester or visit www.dof.virginia.gov for more information.

CONTACT INFORMATION

Abingdon Region Office:

Phone: (276) 676-5488 ; FAX: (276) 676-5581
Bland, Buchanan, Carroll, Dickenson, Grayson, Lee, Russell, Scott, Smyth, Tazewell, Washington, Wise and Wythe counties

Salem Region Office:

Phone: (540) 387-5461 ; FAX: (540) 387-5445
Alleghany, Bath, Bedford, Botetourt, Craig, Floyd, Franklin, Giles, Henry, Highland, Montgomery, Patrick, Pittsylvania, Pulaski, Roanoke and Rockbridge counties

Farmville Region Office:

Phone: (434) 392-4159 ; FAX: (434) 392-1550
Amelia, Appomattox, Buckingham, Campbell, Charlotte, Cumberland, Halifax, Lunenburg, Mecklenburg, Nottoway, Powhatan and Prince Edward counties

Charlottesville Region Office:

Phone: (434) 977-5193 ; FAX: (434) 296-3290
Albemarle, Amherst, Arlington, Augusta, Clarke, Culpeper, Fairfax, Fauquier, Fluvanna, Frederick, Goochland, Greene, Loudoun, Louisa, Madison, Nelson, Orange, Page, Prince William, Rappahannock, Rockingham, Shenandoah and Warren counties

Tappahannock Region Office:

Phone: (804) 443-2211 ; FAX: (804) 443-3164
Caroline, Charles City, Chesterfield, Essex, Gloucester, Hanover, Henrico, James City, King & Queen, King George, King William, Lancaster, Mathews, Middlesex, New Kent, Northumberland, Richmond, Spotsylvania, Stafford, Westmoreland and York counties

Waverly Region Office:

Phone: (804) 834-2300 ; FAX: (804) 834-3232
Accomack, Brunswick, Dinwiddie, Greensville, Isle of Wight, Northampton, Prince George, Southampton, Surry and Sussex counties, and cities of Chesapeake, Suffolk and Virginia Beach



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Virginia Department of Forestry
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Forestry Services - Public and Private

Timber sales provide an excellent opportunity for forest landowners to generate revenue from their property and achieve ownership goals. Selling timber can be complex and many owners sell timber only occasionally. Because of this, landowners are encouraged to seek the advice of a professional forester before deciding to sell.

Department of Forestry Services

The Virginia Department of Forestry provides the following services on request and free of charge (subject to acreage limits):

- ◆ Forest Management Plans for advice on what to sell, when to sell and to reflect the landowner's goals for growing a new crop of timber after the harvest.
- ◆ Pre-harvest plans to determine where to put haul roads and log and loading decks, and how to handle water to protect against erosion and stream pollution.



- ◆ Lists of private consulting foresters and timber buyers to assist landowners in preparing sales and harvesting timber.

Private Consulting Forester Services

Private consulting foresters provide valuable fee-based services for landowners, including appraisal of the timber to be sold, conducting timber sales and monitoring the subsequent logging operation. Consultant foresters may be retained to provide the following services:

- ◆ Boundary line location and boundary marking.
- ◆ Timber appraisal to provide an inventory of the species, size, quantity and quality of standing timber within the sale area. This information is critical. Without it, the landowner has no basis for determining a fair market price for the timber.
- ◆ Harvesting plan to locate haul roads and log decks and stream crossings. A good road system is a capital improvement with long-term benefits for management, recreation and fire control.
- ◆ Tax planning prior to a timber sale and preparation of a reforestation budget.
- ◆ Timber sale contract preparation and serving as the landowner's agent in conducting the sale and overseeing the harvesting operation. Retaining a consulting forester in almost every case ensures the highest return for the timber and a sale with fewer problems for the landowner.

Timber should be sold only under a written contract to protect the rights and obligations of both the seller and the buyer. Written contracts reduce the potential for misunderstandings and disagreements. The following list of items should be included in a contract:

- ◆ Date of agreement
- ◆ Names and addresses of seller and buyer
- ◆ Seller's declaration of ownership and guarantee of the title to the timber and to defend against all claims.
- ◆ Seller's guarantee to the buyer of the right to ingress and egress with full description of entrance and exit routes.
- ◆ Tract legal description to include exact location, acreage and a map of the timber area to be sold.
- ◆ Type and amount of timber to be harvested to include the type of harvest to be carried out, such as clear-cut, partial harvest or thinning; if natural regeneration is desired following a clear-cut, a statement requiring the cutting of all stems down to two inches in diameter should be included; the volume of sale by species, unit of measure and a log rule used as appropriate; the minimum top diameter down to which utilization is required – very important if the seller is paid by weight. Avoid partial cutting that takes only the biggest and best trees.
- ◆ The purchase price and the method and terms of payment to include:
 - Whether the purchase price is lump sum or on a value-per-unit-harvested basis.
 - Method of verifying delivery of trees or logs to market.
 - Timing of payment must be clearly stated.
 - Starting and ending dates for the contract period during which the timber must be removed.

Timber Sale Contract Provisions

- ◆ Restrictions or conditions regarding equipment operation to include:
 - Designated areas for log skidding and loading activities.
 - Requirement of the buyer to notify seller prior to moving the equipment onto the tract.
- ◆ Conditions regarding protection of the property may include:
 - Payment for trees cut or damaged not included in the sale.
 - Maintenance and restoration of existing roads.
 - Damage repair to specified fences, bridges, culverts and/or buildings that may occur from logging activity.
 - Removal of logging debris from fields, roads, ditches, streams, rights-of-way and across property lines.
 - Postponement of logging when wet weather would result in serious soil rutting with continued equipment operation.
 - Removal of trash upon completion of operations.
- ◆ Statement of conditions for or against subletting of the contract.
- ◆ A statement may be included directing arbitration in case of disagreement (e.g. each party names one person and they agree on a third person to form a board for disputes).